

# Management Tasks and Initiatives for Realizing Sustainable Growth

ALSOK has continued to provide security services of impeccable quality for the more than 50 years since its establishment. Leveraging its core strengths—its human resources, organizational capabilities, and the reliability recognized by customers and society—the Company is reinforcing its operating foundations with the aim of achieving consolidated net sales of ¥1 trillion and ordinary income of ¥100 billion.

Although conditions are changing rapidly both inside and outside of the Company, we remain committed to creating new value for realizing a safe and secure future for customers and society while simultaneously increasing ALSOK’s earnings capacity. By accomplishing these goals, we aim to achieve growth that meets the expectations of all stakeholders.

## Management Resources and Expertise Accumulated Over More than 50 Years Since Founding

Employees	Employees with Security Planner Certification	Employees that Have Completed First-Aid Training	Female Employees (Consolidated, including part-time)
36,693	533 (No. 1 in the industry)	17,151	Approx. 9,000
Depots Located Nationwide	Average Dispatch Time	Overseas Operations	Municipal Governments with which Collaborative Emergency Reporting Systems Have Been Developed
Approx. 2,400	Approx. 14 minutes	9 countries centered on Southeast Asia	425
Rating from Rating and Investment Information, Inc.	Inclusion in JPX-Nikkei Index 400	Inclusion in FTSE4Good Index	Tokyo 2020 Official Partner
A (maintained for 10 consecutive years)	Selected for 3 consecutive years	Selected for 10 consecutive years	

## Core Strengths Fostered by ALSOK

Human resources

Organizational capabilities

Reliability

# Eyes Toward the Future

Fiscal Year Ended March 31, 2017

Net sales ¥ **413.3** billion      Ordinary income ¥ **30.3** billion

Target

Net sales

¥ **1** trillion

Ordinary income

¥ **100** billion

## Steps Toward the Next Stage—Pursuit of Further Growth

### Expansion of Consolidated Net Sales

Society is currently faced with many risks, including the threats of terrorism and cybercrimes as well as natural disasters, declining birthrates, aging populations, and shrinking workforces. Against this backdrop, ALSOK believes that one of its obligations is to maintain an accurate understanding of customers’ diversifying safety and security needs and to respond to these needs. Fulfilling this obligation will require the Company to augment its crime prevention and protection functions by actively incorporating the latest ICT equipment into its security services operations as well as into its services for protecting children and senior citizens. At the same time, we will contribute to the efforts of national and municipal government bodies to respond to and prevent disasters and to improve national resilience. We will also aid in measures to improve safety on the national and community level, primarily with regard to infrastructure monitoring. Furthermore, ALSOK will aspire to support financial institutions and private-sector companies in light of the impending contraction of the workforce and changes in cash distribution markets. Efforts to this end will not be limited to conventional outsourcing services related to security, ATM management, and other business processes, but will also entail comprehensive support for areas including facility management and office procedures.

We also recognize the extreme importance of leveraging the increased capacity for intra-Group coordination realized through recent M&A activities to provide services that exceed the boundaries of our previous business scope. Based on this recognition, we launched ALSOK Security and Equipment service package, a comprehensive facility and building management service package. This service was born out of the marriage of our security services operations and the equipment management and installation expertise of Group companies. Meanwhile, we have increased the number of individuals using our long-term care services to approximately 12,000 by constructing a system that allows us to provide both in-home and in-facility care services. Going forward, we will continue to create hybrid businesses that merge security services with long-term care services to support senior citizens. Overseas, we have acquired and converted local Indonesian and Vietnamese security services companies into consolidated subsidiaries. As a result, we are now developing overseas security services operations in nine countries centered on Southeast Asia, where we plan to deploy fine-tuned security services of the same caliber as those ALSOK provides in Japan.

### Transition to Highly Profitable Structure

The ALSOK Group aims to transition to a highly profitable structure through improved labor productivity and cost management achieved by streamlining business processes.

Seeking to improve productivity in its labor-intensive security services operations, the Company is actively adopting ICT equipment. For example, the mobile dispatch system terminals previously used by ALSOK security guards performing electronic security services have since been replaced with smartphones. As a result, security guards can now operate equipment while viewing images from the incident site and maintenance procedures have been made simpler, contributing to an increase in on-site response capabilities and allowing security guards to multitask. Moreover, smartphones have decreased the amount of time required for routine tasks through means such as enabling work logs to be compiled more easily.

Future initiatives will include encouraging stationed security services staff to acquire qualifications and otherwise improve their skills. At the same time, we will train technicians as multi-discipline engineers to endow them with the skills necessary to perform conventional security equipment installation and inspection tasks while also being able to conduct inspections and maintenance of various other safety and security related devices. Through these efforts, we aim to expand the scope of our activities.

Furthermore, we have been consolidating Guard Centers and other Group facilities and streamlining business processes related to routine work to reduce overtime as part of our efforts to better manage costs. Drastic reforms and improvements to business processes will be implemented going forward, unfettered by existing manuals or past convention, with the aim of realizing ongoing improvements in per employee labor productivity.